

C Advisory Actions 2001

Department of General Services Office of Public School Construction State Allocation Board Meeting: Jun 27 & Jul 26 2001 Issue Number 06

Executive Corner



A New Plan Verification Procedure to Assist You

Districts and their design teams will be pleased to know of an important new procedure regarding the verification of plans. Most significantly, districts will be provided an opportunity to meet with the Supervisor of the Plan Verification Team in any instance where the verification of estimated costs requires additional information. For more information, please see the article on this topic included in this issue.

Sincerely,

Luisa M. ParkInterim Executive Officer
Office of Public School Construction

Luisa M. Jack

Change to Plan Verification Team and 15-Day Letter Process

We acknowledge the need for districts to have better access to the Plan Verification Team (PVT) in the course of its verification of additional grants for site development costs. To improve this process, the Office of Public School Construction (OPSC) has added a new feature to better serve the needs of its customers. Currently, upon completion of the plan verification, the OPSC sends out a "15-Day" letter to inform the district of the findings. Prior to now the district had three options: 1) it must either acknowledge in writing, within the 15-day timeline, its agreement with the findings (by signing and

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Concerned That Your Project Costs Will Run High?

Would you like access to realistic and insightful ideas in achieving measurable reductions in the cost of school facilities construction?

Please remember to utilize the *Public School Construction Cost Reduction Guidelines*. It's been a year now since the State Allocation Board approved the guidelines for the districts' use, and the information is just as useful and necessary

as ever. Suggestions contained in the guidelines emphasize efficiency, better processes, and innovative ideas that produce schools we can take pride in, while making the most of resources available to us. We encourage districts to access the guidelines by selecting "Resource Information" on the OPSC's Web site at www.dgs.ca.gov/opsc, or on your copy of *The OPSC Greatest Bytes Volume I* or *Volume II* that was mailed to you.

Is it a Deferred Maintenance Hardship Project?

If someone tells you they can get your roofing, HVAC, or other major maintenance project funded as a hardship project through the Deferred Maintenance Program (DMP), it is untrue, unless the district can demonstrate the specific project meets the critical hardship criteria. It is mandatory that the Office of Public School Construction (OPSC) verify that the district's project(s) meets the DMP's criteria prior to the beginning of construction.

The DMP's major source of funding is the State's General Fund. Even in the best of funding years there is a finite amount of money available for deferred maintenance and it rarely covers the enormous maintenance needs of California's K-12 schools. It is the OPSC's responsibility to ensure that projects that have the greatest impact to the health and safety of the students receive funding. The criteria for a hardship project are outlined in law, regu-

lation, policy, and in the *Deferred Maintenance Handbook* (available on our Web site). A district that enters into a contract and begins construction prior to receiving approval or a site visit by the OPSC, shall put the project(s) in jeopardy of not receiving State funding. The OPSC cannot recommend funding for unverified hardship projects. This leaves the district without eligibility for reimbursement.

Districts are encouraged to read the *Deferred Maintenance Handbook* for information on sending in a complete Deferred Maintenance Hardship Application Package. The OPSC will provide written acknowledgement regarding its receipt of the Hardship package. The district should not proceed on the proposed hardship project until it has received verification of the project's eligibility. For additional information contact Ms. Rachel Wong at 916.445.7880 or Ms. Lisa Constancio at 916.322.0317.

Eligibility Team... New Name/New Supervisor

The Eligibility Team has been renamed and is now more appropriately known as the Application Review Team (ART). At the same time, we are pleased to announce that a new supervisor has been appointed to this team. Gloria Martinez, an employee of the Department of General Services for over 15 years, has taken on the role of the ART Supervisor at the Office of Public School Construction (OPSC).

If you have questions for Gloria, you can reach her at gloria.martin@dgs.ca.gov or by phone at 916.445.0529. Selina Mulligan, most recently serving in this capacity, has a new team assignment within Program Services. However, Selina will be assisting Gloria during the transition and is still available for questions. Please join us in welcoming Gloria to OPSC.

OPSC Reminders...

- State Allocation Board Meetings*
 August 22, 2001
 September 26, 2001
- State Allocation Board Implementation Committee Meetings* August 31, 2001 October 5, 2001
- Joint Use Funding Cycle

July 1, 2001 – May 30, 2002: Period for Districts eligible to participate in the Lease-Purchase Program funding of Joint Use projects for gymnasiums, multipurpose rooms and libraries (SB 1795).

- Interest Earned Report (Form SAB 180) Due quarterly (March 31, June 30, September 30, December 31) from each county for all districts that have earned interest from the Leroy F. Greene Lease-Purchase Fund.
- * Meeting dates subject to change. Check the OPSC Web site at http://www.dgs.ca.gov/opsc for latest dates and times.

Status of "Date Change" Discussions

Discussions and activity continues as it relates to requests for an application date change. At the June State Allocation Board (SAB) meeting, testimony was presented to the SAB expressing concern regarding the proposed application date change regulations. As a result, the SAB moved to hold the item over and requested staff to further review the proposed regulations.

Additionally, the SAB requested the Office of Public School Construction to seek a determination as to whether the Board has the authority to approve date change requests absent a regulatory provision and to work with districts, through the SAB Implementation Committee meetings, to reconsider the impacts of the proposed regulatory changes and the possibility of revisions.

Change to Plan Verification Team and 15-Day Letter Process – *continued from front page*

dating the Form SAB 50-04 and returning the form to the OPSC); 2) provide satisfactory evidence to substantiate the district's request if it disagrees with the findings; or 3) it has the option of withdrawing the application to resubmit at a later date.

A fourth option has now been added which will allow the district to meet with the Supervisor of the PVT to resolve issues related to its findings. To utilize this option, the district must contact the

OPSC within ten calendar days from the date of the letter to request an immediate meeting. These meetings may be scheduled on a Monday, Wednesday, or Friday during regular business hours (8 A.M. to 5 P.M.). If you have additional questions concerning the plan verification process, you may contact Ms. Gretchen Winczner at 916.323.4455. Ms. Winczner will also serve as the contact for the scheduling of appointments with PVT members.

Withdrawal and Resubmittal of Applications

The process for the withdrawal and resubmittal of a School Facility Program (SFP) application was established at the request of the State Allocation Board (SAB) in October 1999 to assure that all districts are treated fairly. The Office of Public School Construction (OPSC) developed the following processing guidelines, which are now formalized in Regulation, that allow districts, under certain circumstances, to withdraw and resubmit its application request. The procedure is as follows:

Applications Already Funded

- A SFP application that received full grant funding will not receive subsequent grant adjustments to reflect changes in law or administrative regulations.
- A SFP application that received full grant funding may not be rescinded and re-approved in order to receive benefits brought about by changes in law or administrative regulations.

Applications Approved, But Not Yet Funded

- A SFP application that has been placed on an "unfunded" list in lieu of an apportionment shall not receive subsequent grant adjustments, except as outlined in No. 2 immediately below, to reflect changes in law or administrative regulations. However, the grant shall be adjusted by the construction cost index in effect at the time the full funding apportionment is made.
- 2. A SFP application that has been placed on an "unfunded" list in lieu of an apportionment may be withdrawn and resubmitted for SAB approval to receive the benefits of changes in law or administrative regulations. The district must first request that the application be withdrawn and removed from the SAB approved "unfunded" list. The district may then resubmit the application under the provisions of the regulations in effect at the time of the resubmittal.

The resubmitted application will be treated as a completely new application, and shall not receive priority for processing by the OPSC.

Applications In Process, But Not Approved

- A SFP application submitted but not yet funded or placed on an "unfunded" list shall continue to be processed and funded under the provisions of the laws and regulations in effect at the time of the original application submission. The application will not be adjusted to reflect changes in law or regulations that occur prior to SAB approval.
- 2. A SFP application submitted but not yet funded or placed on an "unfunded" list may be withdrawn and resubmitted to receive the benefits of changes in law or administrative regulations. The district must first request that the application be withdrawn and removed from the OPSC workload list. The district may then resubmit the application under the provisions of the regulations in effect at the time of the resubmittal. The resubmitted application will be treated as a completely new application, receive a new application receipt date and will not receive priority for processing by the OPSC.
- 3. A SFP application for eligibility determination may be amended at any time to receive the benefits of changes in law or administrative regulations. The application for eligibility shall retain its OPSC processing date as long as the request and required amended documentation are received prior to when the OPSC processes the original application. If the application has been approved or the review has been completed, the amended application will be given a new processing date, once received by the OPSC.

Should you have questions or need any additional information regarding this procedure, please contact your Project Manager.

SB 1795 – LPP Joint Use Funding for all Priorities

The State Allocation Board (SAB), at its July 25, 2001 meeting, approved \$18 million for the funding of 22 projects under the provisions of the Lease-Purchase Program (LPP) Senate Bill (SB) 1795 Policy for Joint Use facilities, which include gymnasiums, libraries and multi-purpose rooms. Based on the results of a recent study requested by the SAB, the Board also approved an increase in the base allowances for SB 1795 projects as follows:

- \$170 for toilet and food service area in the Joint Use project.
- \$93 for all other eligible area in the Joint Use project.

These amounts are adjusted for the construction cost, geographic and urban indices.

If you are planning on filing an application for this program in the future, please make note of this important change that was also approved by the SAB:

To allow adequate time for the OPSC processing of the future SB 1795 applications, the SAB approved a recommendation that provided for the application acceptance date to be moved back to no later than May 30th in order for the application to be considered for the second funding cycle at the July 2002 SAB meeting.

Questions about this program may be directed to Mr. Stevan Wood at 916.323.7109, or contact him via e-mail at stwood@dgs.ca.gov. You may also contact your OPSC Project Manager.

AB 2408 – Regulations Effective for Use of Leased Land

The regulations implementing Assembly Bill (AB) 2408 became effective on July 25, 2001. AB 2408 established criteria under which districts can utilize leased sites for certain specified periods of time with governmental agencies (Regulation Section 1859.22), and established criteria for districts seeking to provide new facilities on leased sites that will require hazardous waste removal (Regulation Section 1859.74.3). It is important to note that

the lease payments are not eligible costs under the School Facility Program.

In addition, the Form SAB 50-04, *Application for Funding*, (Revised 02/01) was amended to include an additional certification relating to leased land. The regulations and forms can be located on the OPSC Web site at www.dgs.ca.gov/opsc. Questions may be directed to your OPSC Project Manager.

AB 2644 – Hazardous Materials Waste Removal

Help is on the way for districts with hazardous material waste removal costs associated with School Facility Program (SFP) additions to existing sites. Until now, districts constructing a project on an existing site with hazardous materials removal costs did not have the benefit of SFP funding provisions for those removal costs, as it would have for projects on newly acquired sites. With enactment of Assembly Bill 2644 and the State Allocation Board's approval of proposed regulations, funding opportunities will soon be available for these costs for an existing school site under the following criteria:

- The proposed SFP request is limited to new construction grants for an addition to an existing school site.
- ◆ The proposed SFP project does not include a request for initial site acquisition costs pursuant to Regulation Sections 1859.74 or 1859.74.2. The project may include site acqui-

- sition costs for additional acreage added to an existing school site.
- The existing school site must have a functioning school on the site, or the existing site must have had school facilities that will again be used as a functioning school.
- The Department of Toxic Substances Control has determined that the hazardous material waste removal is necessary.

Finalization of this regulatory process is anticipated in approximately four months. Districts are reminded that it can only file an application based on these regulation amendments after they are finalized and become effective. To keep apprised of current information and the regulation approval process, please view the OPSC Web site at www.dgs.ca.gov/opsc, or you may contact Ms. Lisa Jones, Regulations Coordinator, at 916.322.1043.

Attorney General Opinion... Regarding Notification to the Legislature

At its July 2001 meeting, the State Allocation Board (SAB) voted to request a formal opinion on an expedited basis from the Office of Attorney General (OAG) regarding Government Code Section 65995.7. This section provides that the SAB must notify the legislature when, due to a lack of funds available for new construction, the SAB is no longer approving new construction apportionments. The Office of Public School Construction (OPSC) was directed to submit the following question to the OAG on behalf of the SAB:

"Is the notice requirement of Government Code Section 65995.7 triggered when the New Construction Grant requests that are ready for apportionment exceed the total bond funds available for new construction?"

The process to request a formal OAG opinion includes providing relevant background information and a contact list that contains those parties that have expressed interest regarding this issue to the OPSC or the SAB. The OAG has indicated that it will be soliciting input from those included on this list. Questions may be directed to the OAG's Public Inquiry Unit at 916.322.3360, or within California by calling 800.952.5225. If you would be interested in providing input to the OAG on this matter, you may send your comments to:

Attorney General of California Opinion Unit P.O. Box 944255 Sacramento, CA 94244-2550

For more information on the legal opinions of the Attorney General go to the Office of the Attorney General's Web site at www.caag.state.ca.us/opinions.

Although the SAB requested that the opinion be processed on an expedited basis, it is anticipated that the formal opinion will be provided to the SAB in approximately four months. It is an involved process that allows adequate time for the OAG to make its contacts, thoroughly review the issues, and render its formal opinion.

Congrats to these Districts!

Yes, it is possible to "get it right the first time", as illustrated by the following districts which deserve special recognition for *perfect first-time submittals* of School Facility Program (SFP) applications. Of the recent group of modernization and new construction applications received, these districts represent *43 percent* of the total applications submitted.

A few words of encouragement: The Office of Public School Construction (OPSC) has many resources available to assist school districts, architects and consultants in the preparation and submittal of complete application packages. Three excellent resources available on the OPSC Web site are the Guidebook to the School Facility Program at www.opsc.dgs.ca.gov/PDF/SFP Guidebook/ SFP_Guidebook.pdf; the SFP Application Submittal Checklist at www.opsc.dgs.ca.gov/PDF/sfp sb50/ sfp-app-submittal.pdf; and the Architect's Submittal Guidelines at www.opsc.dgs.ca.gov/PDF/ ArchitSubmtl.pdf. For that more personal touch, our Project Managers stand ready to assist your district in joining the elite group submitting complete applications; please don't hesitate to give them an opportunity to help.

opportunity to i	ieip.	Number of
County	School District	Application
Alameda	.Pleasanton Unified	1
Fresno	.Clovis Unified Fresno Unified Kings Canyon Unified Kings Canyon Unified Parlier Unified	1 1
Los Angeles	.Alhambra City Elementary Los Angeles COEPalmdale Elementary Westside Union Elem	4 1
Madera	. Madera Unified	1
Merced	.Gustine Unified	1
Monterey		1
Orange	.Huntington Beach City Elem. Saddleback Valley Unified Tustin Unified	1
Riverside	Beaumont Unified Corona-Norco Unified Lake Elsinore Unified Murrieta Valley Unified	1 2
Sacramento	Folsom-Cordova Unified	1
San Bernardino	Etiwanda Elementary Fontana Unified San Bernardino City Unified	1
San Luis Obispo	.San Luis Obispo COE	1
Santa Clara	.Los Altos Elementary	1
Tehama	.Richfield Elementary	1
Ventura	.Briggs Elementary Oxnard Elementary	
	County Alameda	Alameda

Changing Eligibility Filing Status

The Office of Public School Construction (OPSC) recently expressed concerns to the State Allocation Board (SAB) regarding the issue of a district requesting to change its filing basis, which would impact the recalculation of the district's priority points. As a result, the SAB directed the OPSC to develop regulations that address a district's ability to change its eligibility filing status from either a high school attendance area (HSAA) basis or a district-wide basis.

At its July meeting, the SAB adopted amendments and additions to the Regulations that addressed a number of key issues as summarized in the staff's recommendations as follows:

- Before a district is allowed to file on a HSAA basis, it must demonstrate that at least one of its HSAA's has negative eligibility at any grade level.
- Districts that are already approved for eligibility on a HSAA basis will be allowed to continue under that filing status.
- Districts with eligibility requests "in house" but not yet approved, must demonstrate that at least one of its HSAA's has negative eligibility at any grade level prior to approval. The application will not lose it processing date.
- ◆ A district may file on a Super HSAA basis if the HSAA's are adjacent or contiguous to each other. Adjacent means the existing boundaries of all the HSAA's meet each other at some location. Contiguous means that each attendance area shares a common boundary with at least one or more of the other attendance areas that make up the Super HSAA.
- A district that initially files on a district-wide, HSAA or Super HSAA basis and receives any new construction grants after the amended regulations become final will not be eligible to re-file

- on another basis for a period of five years from the date the last apportionment was received.
- A district that initially files on a district-wide, HSAA or Super HSAA basis, but received no new construction grants, may request to re-file on another basis, but it must withdraw all its new construction funding applications, including those on an "unfunded" list.
- ◆ If a district elects to re-file on another basis, the district's existing school building capacity will be recalculated at the time of re-filing based on available classrooms at the time the original baseline eligibility was determined, adjusted for additional classrooms constructed or funded under the SFP.
- When filing on a HSAA or Super HSAA basis, determination of eligibility must be made on the existing HSAA or Super HSAA boundaries and the HSAA(s) must have an active high school in that boundary.
- Continuation high schools may not be used to represent a HSAA.
- Do not allow a district to change the boundaries of a HSAA or Super HSAA for purposes of eligibility after the eligibility request is submitted to the OPSC.

Finalization of this regulatory process is anticipated in approximately four months. Districts are reminded that it can only file an application based on these regulation amendments after they are finalized and become effective. To keep apprised of current information and the regulation approval process, please view the OPSC Web site at www.dgs.ca.gov/opsc, or you may contact Ms. Lisa Jones, Regulations Coordinator, at 916.322.1043.

Some Outstanding Lien Releases Remain

Thank you to many of the districts that responded to our recent alert regarding the need for removal of a lien on district properties, a carryover from participation in the old State School Building Program. There still remain a number of districts that have not cleared these liens. Chapter 407, Statutes of 1998 (Senate Bill 50) allows for the release of these liens, which had been a requirement for participation in the former Lease-Purchase Program. The Office of Public School Construction wishes to release the remaining liens, but is prevented from doing so until each district

takes the appropriate action. Please take advantage of the acknowledgement of the release of the lien that was sent to each district involved. Districts must simply present the original lien release document to the county recorder in order to remove the State lien from the district's property.

If you do not know whether or not you have filed such a lien release or you need more information concerning lien releases, please contact Mr. Bryan Breaks, Audit Supervisor, at bbreaks@dgs.ca.gov or 916.445.3156.

Financial Hardship Funding

Hardship funds were exhausted at the June State Allocation Board (SAB) meeting. To completely fund eligible New Construction applications, resources were transferred from other funding categories. This action by the SAB included a transfer of an additional \$13.7 million from those funds previously set aside for Facility Hardships. The SAB directed the Office of Public School Construction (OPSC) staff to present a report on proposed methods of replenishing the Facility Hardship category to a future Board meeting. It is anticipated that this will occur at the August 2001 SAB meeting.

In the absence of Hardship funding, the only options currently available to qualifying districts and County Office of Education's are: 1) to accept "full and final" funding for the project based upon the new construction adjusted grant, less any hardship funding; or 2) have the entire project placed on the "unfunded" list.

Regulation amendments regarding the revised Hardship funding process are anticipated to become effective in the middle of August. These amendments will allow the district to accept the funding for the project, less financial hardship and excessive cost grants and have the amounts not apportionment and have the "hardship" portion of the project placed on the "unfunded" list. Once a partial apportionment is made, time limits will be initiated that the district must comply with such as:

- ◆ The District must meet the criteria to have those funds released within 18 months for Separate Design apportionments. Please see the information contained on Form SAB 50-05, Fund Release Authorization, and SFP Regulations Section 1859.90 for further information.
- → Districts must meet the substantial progress requirements pursuant to SFP Regulation Section 1859.105. Additionally, districts that receive a fund release for Separate Design are advised to take special not of Section 1859.105(c).

For those district that elected to have its entire project "unfunded" for the July SAB, the OPSC will be contacting you to determine what your declaration will be for the August SAB meeting under the new regulations. It is important to note that districts must declare its projects' funding option one month prior to presentation to the SAB. Questions may be directed to your OPSC Project Manager.

AB 801 – Multi-Story Construction Funding Regulations Now Effective

The regulations in response to Assembly Bill 801 (Cardenas) became effective on July 25, 2001. Regulation Section 1859.73.2 allows a district, as part of a School Facility Program new construction project, to demolish a single story facility and replace it with a multi-story facility on the same site. In addition to the new construction grant allowance, the SAB will provide a supplemental grant to fund 50 percent of the replacement cost of the single story facility(s) to be replaced if the following conditions are met:

- The school must be on a multi-track yearround education schedule.
- ◆ The cost of the demolition and replacement must be less than the cost of providing a new school facility, including land, on a new site for the additional number of pupils housed

- as a result of the replacement facility(s), as determined by the SAB.
- ◆ The district will increase the pupil capacity on the site when it builds the replacement plus new facility area.
- ◆ The California Department of Education has determined that this action would be the best available alternative and will not create a school with an inappropriate number of pupils in relation to the size of the site.

The regulations can be located on the OPSC Web site at www.dgs.ca.gov/opsc. Questions about this program can be directed to Mr. T. J. Rapozo at 916.324.2557 or Ms. Lina Lessa at 916.322.0260.

Changes to Financial Hardship Application Criteria

The State Allocation Board accepted the recommendations presented by the Office of Public School Construction (OPSC) with the exception of one modification and approved the proposed amendments to the Financial Hardship regulations. These amendments came about in response to the Board's concerns over the disproportionately high number of districts making applications as Financial Hardship districts without making any contribution to their projects. The goal of these recommendations is to provide greater equity in the distribution of the limited hardship funds. The process of amending these regulations will bring about the following changes:

- ◆ To show reasonable effort, districts will be required to substantiate indebtedness at 60 percent of the district's total bonding capacity, or the district has passed a local bond for at least the maximum allowed under Proposition 39.
- ◆ A retention amount, per classroom, will be allowed for interim housing of the current unhoused pupils of the district and this amount will not be deemed available as a matching contribution. A similar provision will also be made for necessary interim toilet facilities.
- A provision, under specified conditions, for a district that has been denied financial hardship status to potentially receive State Relocatable classrooms at \$2,000 per year.
- Clarifying language is added to the regulation with regard to the financial hardship process after the initial approval.
- A provision is added that essentially grandfathers any previous financial hardship approvals under the old regulation guidelines, but only for that phase of the project.

For complete details on these and additional proposed regulatory changes, please access the OPSC Web site at www.dgs.ca.gov/opsc.

Status of Funds

Per the June 27 and July 25, 2001 State Allocation Board Meeting

Program	Funds Available as of 05.23.01	Fund Transfer	Apportionments and Adjustments	Balance Available as of 06.27.01	Apportionments and Adjustments	Balance Available as of 07.25.01
Proposition 1A						
New Construction	1,076.7	0	(125.1)	951.6	0.2	951.8
Modernization	0.1	0	0	0.1	0.2	0.6
Hardship	76.4	13.7	(90.1)	0	0	0
Facility Hardship (Reserved)	48.2	(13.7)	(5.8)	28.7	0.1	28.8
Subtotal	\$1,201.4	0	(\$221.0)	\$980.4	\$0.5	\$980.9
Prior Bond Funds						
Contingency Reserves	46.0	0	2.6	48.6	(13.9)	34.7
AB 191	3.7	0	0	3.7	0	3.7
Subtotal	\$49.7	0	\$2.6	\$52.3	(\$13.9)	\$38.4
Grand Total	\$1,251.1	0	(\$218.4)	\$1,032.7	(\$13.4)	\$1,019.3

Note: Amounts are in millions of dollars. Amounts within parentheses () are negative amounts.

The State Allocation Board funded approximately \$28,033 for the Deferred Maintenance Program in June and \$276,661 in July.

Construction Cost Indices

Lease-Purchase Program

	June 2001	July 2001
Class "B" Buildings	1.41	1.41
Class "D" Buildings	1.40	1.40
Furniture and Equipment	1.39	1.39
Historical Savings Index	6.45	8.20

Class "B" Buildings: Constructed primarily of reinforced concrete, steel frames, concrete floors and roofs.

Class "D" Buildings: Constructed primarily of wood.

Furniture and Equipment: An index based on an adjustment factor obtained quarterly from the Marshall & Swift Company.

Historical Savings Index: An index derived quarterly from the SAB approved new construction (growth) contract bids. It is the percentage difference between the SAB/OPSC generated construction allowance and the approved contract bid.

Copies of the applicable SAB actions, proposed regulations, and additional information can be located on the OPSC Web site at http://www.dgs.ca.gov/opsc. Should you have questions or need any additional information regarding the contents of this advisory, please contact your project manager.



Office of Public School Construction 1130 K Street, Suite 400 Sacramento, CA 95814